



**INTERNAL AUDIT  
PROGRESS REPORT**

Gedling Borough Council

September 2021

IDEAS | PEOPLE | TRUST

**BDO**

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# SUMMARY OF SEPTEMBER 2021 WORK

## INTERNAL AUDIT

This report is intended to inform the Audit Committee of progress made against the 2021/22 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.



## INTERNAL AUDIT METHODOLOGY

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report, and are based on us giving either "substantial", "moderate", "limited" or "no". The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

## 2021/2022 INTERNAL AUDIT PLAN

Three audits have been completed and we are pleased to present the following reports to this Audit Committee:

- Risk Management
- Housing Benefits.

Fieldwork is underway or is due to begin on a further four audits which we hope to present at the next Audit Committee:

- Taxi Licensing (20/21) - draft report released 6 June 2021
- Asset Management Plan - draft report released 20 August 2021
- IT Architecture
- Regeneration
- Homelessness and Temporary Accommodation.

## REVIEW OF SEPTEMBER 2021 WORK

AUDIT	AUDIT COMMITTEE	PLANNING	FIELD WORK	REPORTING	DESIGN	EFFECTIVENESS
Taxi and PHV Licensing (20/21)	September 2021	✓	✓			
Asset Management	September 2021	✓	✓			
Risk Management (Advisory)	September 2021	✓	✓	✓	N/A	N/A
Housing Benefits	September 2021	✓	✓	✓	●	●
IT Architecture	December 2021	✓	✓			
Regeneration (back to work initiatives)	December 2021	✓				
Homelessness & Temporary Accommodation	December 2021	✓				
Environmental Health Services & Enforcement	March 2022	✓				
Main Financial Systems	March 2022	✓				
Procurement & Contract Management	March 2022	✓				
Sustainable Environment	March 2022	✓				



# RISK MANAGEMENT

Design Opinion	N/A	Advisory	Design Effectiveness	N/A	Advisory
Recommendations	0	2	2		



**SCOPE**

**AREAS REVIEWED**

This was an advisory piece of work assessing the Council’s current position against the BDO Risk Maturity Matrix. As part of the assessment, we covered the following elements of risk management:

- ▶ Governance
- ▶ Identification and assessment
- ▶ Mitigation and treatment
- ▶ Reporting and review
- ▶ Continuous improvement.



**AREAS OF STRENGTH**

- ▶ The Council has clearly documented its strategic objectives within the Gedling Plan 2020 - 2023 and published this on its website. The Council also has a robust annual service planning process and established golden thread methodology to ensure service plans are in place to support the achievement of the Gedling Plan
- ▶ A Risk Management Strategy and Framework has been documented which clearly defines the Council’s risk appetite
- ▶ The risk registers are formatted to ensure the key drivers of each risk are clearly documented
- ▶ All of the risks on the register have been assigned a risk owner who is responsible for overseeing the effective management of the risk
- ▶ There is an established quarterly review process for the corporate risk register with progress on each risk being recorded on a consistent basis each quarter and reported to the SLT. This is evidenced in the meeting minutes and reports of the SLT meetings.



**AREAS OF CONCERN**

- ▶ Our interviews with heads of service identified that there may not be a full understanding of risk management amongst officers below manager level, with a reluctance to discuss the topic of risk with them due to more junior staff perceiving risks as a negative. There is no risk management training programme within the Council to provide its officers and members with the knowledge and skills to effectively understand and manage risk throughout the organisation
- ▶ The roles and responsibilities of officers below manager level for managing risks are not clearly defined within the Risk Management Strategy and Framework
- ▶ Risk recorded on risk registers are not linked to objectives or categorised by risk type.
- ▶ Risks recorded on the risk register are not described to a consistently high standard to provide the reader with an understanding of the risk, its cause and the consequence should the risk materialise
- ▶ Controls and actions to mitigate risks are not documented to a suitably high standard to provide the reader with assurance that the risk is being effectively managed. Actions are not recorded as SMART (specific, measurable, attainable, realistic and timebound) actions, particularly in the service risk registers where actions are not assigned implementation dates
- ▶ Reviews of risk registers by the heads of service are not recorded on a consistent basis each quarter, with these sections of the risk registers often left blank.



**VALUE ADDED**

- ▶ We were able to undertake benchmarking against two other local councils in terms of the assessed risk maturity level of the five areas noted in the scope.

# HOUSING BENEFITS

Design Opinion	<span style="color: green; font-size: 20px;">●</span> Substantial	Design Effectiveness	<span style="color: green; font-size: 20px;">●</span> Substantial
Recommendations	<span style="color: red; font-size: 20px; border: 1px solid black; border-radius: 50%; padding: 2px;">0</span> <span style="color: orange; font-size: 20px; border: 1px solid black; border-radius: 50%; padding: 2px; margin-left: 20px;">0</span> <span style="color: teal; font-size: 20px; border: 1px solid black; border-radius: 50%; padding: 2px; margin-left: 20px;">1</span>		



**SCOPE**

**AREAS REVIEWED**

- ▶ Testing of a sample of Housing Benefit claims and confirming whether they were accurately assessed in a fair and timely manner in line with Council procedures.
- ▶ Testing of a sample of private tenants for local housing allowance to confirm whether benefit payments were made in a complete, accurate and timely manner in accordance with published rates
- ▶ Testing of a sample of cases where the claimant has reported a change of circumstance to the Council and review of the action taken by the Council to address the change, and whether this was done in a timely manner
- ▶ Review of management information and evidence of monitoring and oversight over key performance indicators for the processing of Housing Benefits. Confirmation of whether performance was monitored at an appropriate level in the Council
- ▶ Review of the procedures for processing Housing Benefit claims to evaluate if these were clear and easy-to-follow with defined roles and responsibilities.



**AREAS OF STRENGTH**

- ▶ Housing Benefits Key Performance Indicators (KPIs) are collated, reported and tracked. The detail of the 20 KPIs are collated by the Policy and Development Officer on a monthly basis, reviewed by the Housing and Welfare Support Manager and then reported monthly through the Senior Leadership Team (SLT) and quarterly through Overview and Scrutiny Committee. In addition the Council is also subject to scrutiny from the Department for Work and Pensions (DWP).
- ▶ We assessed a sample of 20 new Housing Benefit claims and determined whether they were accurately assessed in a fair and timely manner in line with Council procedures. No issues were identified within our sample.
- ▶ We tested a sample of private tenants for local housing allowance to confirm whether benefit payments were made in a complete, accurate and timely manner in accordance with published rates. No issues were identified within our sample.
- ▶ A sample of 20 cases where the claimant had reported a change of circumstance to the Council were selected. We found that in all cases the change in circumstance was addressed appropriately following the receipt of adequate supporting documentation, and processed in a timely manner.



**AREAS OF CONCERN**

- ▶ The Discretionary Housing Payments Policy and the Overpayments Policy are currently out of date. However these are currently being reviewed with the anticipated completion of both policies in August 2021 and approval by December 2021.

## SECTOR UPDATE

Our quarterly Local Government briefing summarises recent publication and emerging issues relevant to Local Authorities that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior managers, directors and members. Topics include Finance, Environment, Housing and Children.

### Further funding announced to support Afghan refugees

As part of its 'Operation Warm Welcome' for Afghan refugees, the government has announced that at least £12m will be made available to prioritise additional school places, while families will have access to liaison officers working with councils to help them register for services.

In addition, the government has confirmed that those who have come to the UK under the Afghan Relocations and Assistance Policy (Arap) - for people that worked for the British government in Afghanistan - will be able to apply free of charge for indefinite leave to remain, rather than the five years' residency previously offered. This means these Afghans will be able to access to permanent jobs with unrestricted rights to work.

Since 13 August, the UK has evacuated more than 8,000 people whose lives had been assessed to be under serious threat from the Taliban under the Arap policy. The government is now working with more than 100 councils to meet the associated demand for housing, with more than 2,000 places already confirmed, it said. As well as the £5m pledged last month for housing refugees, the government has now also said it will also provide top-up funding to help meet the costs of renting properties.

The government is also making at least £12m available to prioritise additional school places so children can be enrolled as soon as possible, and to provide school transport, specialist teachers and English language support. And £3m of additional NHS funding will ensure that Afghans arriving under Arap can access healthcare and register with a GP.

Further funding will be provided for up to 300 undergraduate and postgraduate scholarships for Afghans at UK universities and adults will also be able to access English language courses free of charge.

Further funding announced to support Afghan refugees | [Local Government Chronicle \(LGC\) \(lgcplus.com\)](#)

### Councils face £3bn budget shortfall

Councils across England, Wales and Scotland face a budget gap of over £3bn for the next financial year, research has found. Figures obtained via freedom of information requests and compiled by trade union Unison reveal that councils are expecting a record overall £3.09bn shortfall in 2022-2023. Unison said that given the scale of cuts councils have already had to make in recent years, "any further reductions would strip even more essential services to the bone or remove them completely".

One of the largest shortfalls is Newcastle City Council, which must make up a £94m gap in the next financial year, on top of £305m the council has lost from its budget since 2010. Surrey CC is facing a £47.1m shortfall, and Hampshire CC must save £65.9m over the next year, having already made significant cuts to services. Hampshire has been forced to close eight libraries in the past year, losing 50 jobs in the process. Libraries which have remained open in the county have had their opening hours substantially reduced. Many councils are faced with budget gaps despite already significantly scaling back their services.

Councils face £3bn budget shortfall | [Local Government Chronicle \(LGC\) \(lgcplus.com\)](#)



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### **‘Serious weaknesses’ in government’s work with councils on net zero, says NAO**

The National Audit Office has identified “serious weaknesses” in the government’s approach to working with councils on decarbonisation, saying there is “great urgency” to develop more coherence ahead of the Cop26 United Nations climate conference in November. An NAO report published today on local government and net zero in England says the problems stem from “a lack of clarity over local authorities’ overall roles, piecemeal funding, and diffuse accountabilities”. This is making it harder for councils to plan for the long term and creating “significant risks to value for money”.

The report says that while councils clearly have an “important part to play” in reaching the national target of net zero by 2050, the government has not yet clarified their roles or responsibilities regarding this. The NAO estimates that 91% of English local authorities have adopted at least one commitment to reducing carbon emissions in line with the 2050 target, with more than a third (38%) of top-tier authorities having committed to decarbonise their local area by 2030.

However, councils have found it hard to engage with central government on this issue, telling the NAO there was little co-ordination between different departments. In the last financial year, 21 government funds provided £1.2bn to local authorities for net zero-related work, more than 16 times the £74m offered in 2019-20. However, the “fragmented” and competitive nature of these grants makes long-term planning difficult and means money may not go where it is needed most, the report finds.

**‘Serious weaknesses’ in government’s work with councils on net zero, says NAO | Local Government Chronicle (LGC) ([lgcplus.com](https://www.lgcplus.com))**

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### **£8.6bn funding allocated for affordable homes**

The government has allocated £8.6bn of funding for affordable housing today, in what it claims is the largest single such investment for a decade. The affordable homes programme funding announced will deliver around 119,000 homes, about a quarter of which (29,600) will be made available for social rent.

The funding is part of a wider £11.5bn pot which will deliver more than 32,000 socially rented homes in all. The Ministry of Housing, Communities & Local Government claims the programme overall will deliver up to 180,000 new affordable homes, “should economic conditions allow”.

Nearly 90 new partnerships made up of councils, housing associations and private providers successfully bid for a share of programme funding. Almost £5.2bn of the package announced today will be delivered outside London by Homes England, the government body responsible for housing delivery. The Greater London Authority (GLA) will deliver homes within London.

**£8.6bn funding allocated for affordable homes | Local Government Chronicle (LGC) ([lgcplus.com](https://www.lgcplus.com))**

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### **New family hubs to open in £20m funding boost**

Councils will be given £20m to spend on family hubs initiatives, half of which will be earmarked for opening new hubs. The government pledged in its election manifesto that it would champion family hubs to support vulnerable families and has so far spent £14m, including setting up a new national centre for family hubs earlier this year.

The latest funding announcement follows a report last week from the Institute for Fiscal Studies which argued that around 13,000 admissions of children to hospital each year were likely to have been prevented by the work of the Sure Start children’s centres, which some see as predecessors of the family hubs model.

Family Hubs are designed to offer families, children and young people access to a range of support services, which may include early education and childcare, mental health support, meetings with health visitors and advice for victims of domestic abuse. Established in 1999 by the last Labour government, Sure Start children’s centres similarly brought together health, parenting support, childcare and parental employment services into a one-stop shop for families with children under 5. At its peak in 2010, Sure Start received £1.8bn a year (a third of overall early years spending), but spending has since fallen by more than two-thirds, with many centres closed, scaled back or integrated into family hubs, according to the IFS.

Of the latest funding, £10m will be used for the family hubs “transformation fund”, which will support councils to open family hubs in around ten new areas of England. The remaining £10m will help expand a digital project called ‘growing up well’, designed to improve how information is shared between professionals working with families and children in these hubs.

The new funding follows publication of a government review of early years led by Andrea Leadsom MP which identified six key action areas, including championing family hubs as a place where parents and carers can access ‘Start for Life’ family support services.

**New family hubs to open in £20m funding boost | Local Government Chronicle (LGC) ([lgcplus.com](https://www.lgcplus.com))**

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## KEY PERFORMANCE INDICATORS

Audit Area	Rate our understanding of the Business	Rate our communication	Rate the audit's contribution to adding value	Overall audit experience	Would you recommend BDO to others?	Any further comments
<b>Risk Maturity</b>						No feedback received
<b>Housing Benefits</b>						No feedback received
<b>Average</b>						

# APPENDIX I - DEFINITIONS

## OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION	FINDINGS FROM REVIEW
<b>Substantial</b> 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
<b>Moderate</b> 	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non-compliance with some controls that may put some of the system objectives at risk.
<b>Limited</b> 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
<b>No</b> 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.



FOR MORE INFORMATION:

**GREG RUBINS**

+44 (0)23 8088 1738  
Greg.Rubins@bdo.co.uk

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